

8:30 a.m., Friday, August 23, 2024
State Highway Commission Meeting Minutes

On Friday, August 23, 2024, the Nebraska State Highway Commission convened at 8:30 a.m. located at NDOT Headquarters Auditorium Room 139A at 1500 Nebraska Parkway in Lincoln, Nebraska, Nebraska. The agenda, a recording of meeting, attendance sheets, and handouts relevant to the business of this meeting are a part of the permanent minutes of record and are on file at NDOT Central Headquarters. The Nebraska Open Meetings Act (Statutes 84-1407 to 84-1414) was posted in the meeting room.

MEETING NOTICE

- Notice of the regularly scheduled meeting, including the time, location, and agenda, was advertised on the Department of Transportation and the State of Nebraska's websites no less than ten days prior to the meeting.
- The agenda was emailed or mailed to commission members, NDOT staff, and interested persons no less than ten days prior to the meeting.
- A media release was emailed to all statewide outlets on August 16, 2024.
- The meeting agenda was kept current and available to the public in the Communication Division of the Nebraska Department of Transportation, 1500 Nebraska Parkway, Lincoln, Nebraska. No changes were made to the agenda within 48 hours prior to commencement.
- Copies of the meeting agenda were posted and available to the public at the entrance to the meeting room.

COMMISSIONERS PRESENT

- | | |
|---------------------------------|------------|
| • Commissioner Richard Meginnis | District 1 |
| • Commissioner Heath Mello | District 2 |
| • Commissioner David Copple | District 3 |
| • Commissioner James H. Kindig | District 4 |
| • Commissioner Doug Leafgreen | District 5 |
| • Commissioner Jim Hawks | District 6 |
| • Commissioner Greg Wolford | District 7 |
| • <i>Vacant</i> | District 8 |
| • Director, Vicki Kramer | Ex Officio |

Jeni Campana, Highway Communication Services Manager, was recording. A transcript of the meeting is available upon request. Nebraska State Highway Commission meetings are conducted in compliance with the statutes of the Nebraska Open Meetings Act.

CALL TO ORDER

- Commissioner Hawks called the meeting to order at 8:30 a.m.
- The chair requested an attendance roll call. A quorum was present.

MINUTES

- Approval of May 17, 2024 meeting minutes
 - Motion for approval made by Copple; Kindig seconded.
 - Motion carried by rollcall vote, 7-0

INTRODUCTIONS/ANNOUNCEMENTS

- No introductions or announcements.

MEETING BUSINESS

- Commissioner Welcome
Richard Meginnis, District 1 Commissioner
 - District is south of the Platte River from Northwest corner, from David City & Rising City all the way down to Falls City and goes all the way to the Kansas line. A very vast area with a lot of small towns and lane miles.
- Director's Remarks
Vicki Kramer, NDOT Director
 - Welcome Senator Ballard, FHWA partners, City of Lincoln partners, Lancaster County partners, AGC partners & design consultant partners.
 - Recognize two new NDOT team members – Amy Starr, Deputy Director of Administration & Lyn Heaton, Chief of Staff/Innovative Finance
 - This is an important meeting to go over the future of NDOT. You're going to see what NDOT is doing in a frame of reference to a specific district. You'll be able to see the innovative things that our district is doing and what is happening at headquarters.
 - Commissioner Hawks: Attended WASHTO in Omaha this year, thanked NDOT staff and director for putting on the event.
- District Presentation
Brandon Varilek, District 1 Engineer
 - District 1 Statistics
 - 13 counties
 - 1,570 Center Lane Miles w/ 70 interstate miles
 - 3,700 Lane Miles w/ 330 interstate miles
 - 725 Bridges
 - 15 Maint/Const yards
 - 229 Employees
 - 486k citizens (25% of population) reside in district
 - 2024 Construction Program Highlights
 - 16 projects, worth about \$190 million pretty well distributed across district
 - **Reconstruction project in Milford – In Milford, CN 13273A**
 - Nearly \$5 million urban reconstruction of Hwy 6
 - 1 mile
 - Pavement, drainage, improvements, utilities
 - *Safety*: New sidewalks and crosswalks
 - Two new push button crosswalks for Elementary/High School
 - Painted crosswalk at SCC
 - Estimated Completion date is November 2024
 - **Reconstruction project in Seward – US 34 North & South, Seward, CN 12080**
 - \$10 million Urban Reconstruction of Hwy 15

- 1.5 miles
 - Pavement, utilities, driveways
 - Construction halted for July 4th celebration
 - Contractor/NDOT hosted community event
 - Estimated Completion date of March 2025
 - The pavement is slated to be finished by 2024, odds and ends to wrap up in spring
- **I-80 Expansion – Pleasant Dale to NW 56th Street, CN 12591**
 - \$115 million reconstruction/Expansion of I-80
 - 7.6 miles
 - Widening to center w/ PPC barrier
 - I-80 traffic maintained during construction
 - Detours limited to 8 single night, single direction closures
 - Replace 8 structures including 4 overheads
 - *Safety*: Incident Management
 - Add capacity, relieve congestion & back-ups
 - Median barrier
 - Radar speed signs in construction zone
 - Estimated Completion Date: January 2027
- 2025-2030 Construction/Planning Program Highlights
 - FY25 Construction: \$135 million
 - FY26-30 Planning: \$919 million
 - **Lincoln West Beltway, CN 12552A**
 - \$52 million Beltway construction upgrading Hwy 77 to Freeway Standards
 - Build interchange at Pioneers Blvd.
 - Close Old Cheney Rd (at very end of project)
 - Interchange at Warlick Blvd/West Denton Rd
 - Close Yankee Hill Rd (at very end of project)
 - *Safety*: Replace at grade signals with grade separated interchanges for 11,000 average daily traffic in one direction, 22,000 average daily traffic in both directions
 - Two construction projects
 - Warlick Interchange – FY25
 - Pioneers Interchange – FY27
 - **Palmyra East & West, CN 13573**
 - \$3 million Safety Project
 - Build 2 Restricted Crossing U-Turns (R-Cut)
 - 1) Intersections of Hwy 2 with N-43 and I St.
 - 2) Intersection of Hwy 2 and S66A
 - WB offset right turn lane at N-43
 - EB offset right turn lane at S66A
 - Community Involvement
 - Support from City Council, School Board, Fire and Rescue
 - Public Involvement in December
 - **I-80 Expansion - Seward to Pleasant Dale, CN12598**
 - \$138 million reconstruction/6-lane expansion of I-80, will pick up where current expansion project ends
 - 9.6 miles
 - Replace 14 structures including 5 overheads
 - Rebuild Seward and Milford Interchanges
 - *Safety*: Incident Management
 - Add capacity, relieve congestion & back-ups
 - Median barrier
 - **Wahoo to Fremont South, CN 13519**

- \$118-126 million Resurfacing/4-lane expansion of US-77 to Expressway standards
 - 16.3 miles
 - 2+2 strategy, meaning that NDOT is rehabbing and resurfacing the two existing lanes and building two new lanes off the existing lanes
- *Safety*: Roundabouts and R-cuts at major intersections
- Being designed as 1 project but will be broken up into 3 construction projects
- Estimated to break ground on the first segment in 2027
- **27th St. to Platte River, I-80, CN 13537**
 - \$11.5 million Cable Median Guardrail
 - 23.5 miles
 - *Safety*: Eliminate cross-over crashes
 - Proven System
 - Utica – Pleasant Dale completed in 2023
 - 22 miles of cabled median barrier
 - 63 strikes in 13 months, average repair cost of \$6,000 each
 - Zero cross-overs since installation
 - Have been able to catch anything between small passenger cars and pickups to large semi-tractor graders
- Maintenance Highlight
 - Ultraviolet Cured in Place Pipe (UVCIPP)
 - Structural lining of Corrugated Metal Pipe (CMP)
- Questions from Commissioners
 - **Commissioner Hawks**: Had mentioned at the beginning that D1 had 229 employees, are you fully staffed?
 - **Brandon Varilek**: I am not, we've been gaining some traction. Last August down 30 positions, last couple of months around 14-15 both construction & maintenance side

PUBLIC INPUT ON DISTRICT 1 PRESENTATION

- **Gerald Johnson**, Mayor of Wahoo
 - Great to get 4-lane to East edge of Wahoo, halfway through the process of the roundabout- weather has not been kind and delayed the project about 30 days. Is concerned about the football game day traffic coming from Omaha
 - Going North on the South edge of Wahoo by the hospital and Sid Dillion's, driver's not slowing down. Would like to see a flashing light to bring attention to the change, law enforcement have been out there but can't be out all the time. Could there be a meeting in Wahoo to discuss that if possible.
 - 109 is patched up nice now, will be overlayed, would prefer not during football season
 - People would like to know when Wahoo east to the Platte river will be expanded to 4-lane. A lot of industries have moved to Wahoo and employees are coming from Omaha.
- **Rick Vest**, Vice Chair of Lancaster County Board of Commissioners
 - Asking to include the East Beltway in the D1 program. Now that the South Beltway has been completed there are residential and commercial plans around it. Heavy traffic on 148th St., the cities of Lincoln, Waverly and Eagle are growing significantly. Traffic counts exceeding the design capacity. Last part of the expressway for interconnectivity for Lincoln and Lancaster County.
- **Pam Dingman**, Lancaster County Engineer
 - The first agreement for the Lincoln East Beltway was signed by NDOT, the City of Lincoln and Lancaster County on October 12, 1995. Partnership spent \$1.2 million to

complete corridor study and environmental study and was approved by the Federal Highway Administration in 2002. The cost benefit analysis in 1996 was 13 years. In 2007 the City of Lincoln and Lancaster County signed an agreement to share the cost of purchasing land. Several tracts of land, mostly on the north end has been purchased. In 2016, the BNA & TIA showed the East Beltway project planning in it's plan. Last year, the footprint was updated to current design standards & agencies have updated the cost estimate - \$550 million and only estimated to increase. We can apply for grants right now. The East Beltway has a fair amount of work done.

- Currently 148th acts as the East Beltway for Lancaster County. In 2018, they conducted a traffic study of 148th St. without the East Beltway, 148th St. needs to be updated to a 4-lane road with intersection improvements by 2040. The 2018 cost was approximately \$40 million. The study identified 50 crashes from 2013-2018 that were severe in nature. In 2022, the average daily traffic has reached nearly 6,300 vehicles a day – just 10% less than Saltillo Rd. before the construction of the South Beltway.
- **Rick Krueger**
 - Company does land development in Lincoln and Lancaster County. Lincoln's natural rate of growth is to the east. Help relieve truck traffic off 84th St. It hasn't been four lanes for that long, it was completed when Collen Sang was mayor. Truck traffic is deteriorating 84th St. Where the south Beltway intersects Hwy. 2, that's where the East Beltway would come down at about 120th St. In my view that will become a large industrial center. This would help connect Bennet, where single-family how sites are starting. This could help the housing shortage in Lincoln.
- **State Senator Beau Ballard**, Legislative District 21
 - This project needs to happen, can't wait 30-40 years to develop this. When knocking doors in Waverly, talked to a parent that has a kid that travels from Eagle to Waverly and takes 148th St. traveling with combines and it's a safety concern. What can we do to keep East Beltway going. Will continue to work to find funding at the state level to help bring the project to fruition.
- **Carter Thiele**, Policy and Research Coordinator for the Lincoln Independent Business Association
 - This conversation started in the business community back in the 1970's. This would support significant economic development and residential growth, would help alleviate taxes on residents by expanding the tax base. Felt there's some reluctance from the state, the State of Nebraska has a significant need to grow economic development and residential. East Beltway would help grow this.
- **Katie Bohlmeyer**, Business Policy Advocate at the Lincoln Chamber of Commerce
 - Completing the East Beltway is crucial for enhancing Lincoln's economic growth, will help the city's long-term development. Will ensure safer and more efficient transportation for residents, visitors, those who commute to and around Lincoln and the farm-to-market regional aspect which will help Lincoln establish a regional hub. The number one thing hears when goes back home to Gage County is that they want a East Beltway because of the large traffic flow coming from Gage County into Lincoln and into Omaha. Excited to see development of the conversation, know this won't be getting done in the next 5-10 years. Keep momentum going and finding funding and hopefully make this a great project for our community.
- **Vicki Kramer** – address comments
 - From Yutan, very much understand the concerns with Highway 92.
 - For the Lincoln East Beltway, it's important to understand the context of such a large scale project. NDOT doesn't finish paying the Lincoln South Beltway until 2030, NDOT has the West Beltway in sights. The East Beltway would be the state's largest project ever built. Last year, updated the Needs Assessment, which jumped needs by 15%. Looking at over \$16 billion in validated need. In 2045, when the East Beltway

would come up the cost jumps significantly. The resources on an annual basis are short \$90 million, \$120 million if looking at utilizing full federal appropriation.

- Funding is not financing, financing is not funding. Moving into a financing state, Nebraska needs to make sure it has the resources to be conservative with funding. There has to be a benefit, reason to bond, and make sure money is there to make debt service payments. The bonds issued by the Legislature has to be done by 2029.
 - There's going to need to be a sophisticated approach to how to fund the East Beltway, would have to look at the feasibility of innovative finance beyond what's in the toolbox. Have not fully achieved the full benefit of NEPA assignment, the project could be a CE3 in the over timeline of delivery of the project. Have stabilized the environmental team, and moving forward with making the decision to go after 327. What is the financial feasibility of a project like this, a greenfield project, something that could have tolling feasibility. It's a \$550 million project right now, by the time NDOT goes to build it will be at least \$100 million more.
 - We want these conversations because it shows support for the project, helps lawmakers understand where the resources go that they provide NDOT. Seen a lot of conversations around growing the economy but if there's no funding for transportation included in how to grow economy then it looks like unfunded mandates on the transportation system. There's no bucket of money for NDOT to pull from which means those projects are moving and others planned are being pushed back.
- Director Introduction to Bonding
Vicki Kramer, NDOT Director
 - Will layout the foundation for bonding in Nebraska. No votes today, just taking in information and understanding what the commitment and process looks like. Talks of issuances later this year and into next year, have been very deliberate. Legislature changed bonding authority from \$50 million to \$450 million. NDOT program hovers around \$730-750 million annually. These large scale projects will take up a large amount of overall program funds available, hard to be a pay as you go state if you want to see these projects move forward.
 - This is a tool to save taxpayer funds. Governor values time and the taxpayer dollar. May see commitment and desire to use financing as a tool, project by project and corridor by corridor. Will be very transparent as NDOT moves through this. Will be paying back through 2042.
 - Bonding in Nebraska
Lyn Heaton, Chief of Staff/Director of Innovative Finance
Jeff Schroeder, Assistant Attorney General, Transportation Bureau Chief
 - **Lyn Heaton** - Introduction to the concepts and processes involved in bond financing
 - NDOT's approach
 - New fiscally responsible option
 - Delivers completion of expressway corridors faster
 - Financing issuance will be selective
 - Responsibly balanced along with pay-as-you-go approach for other projects
 - Shares cost of projects with future beneficial users.
 - **Jeff Schroeder** - Overview of the legal authority in Nebraska Highway Bond Act
 - Article XIII-1 of the Nebraska Constitution
 - Allows the Nebraska Legislature to issue bonds for the construction of highways
 - In 2023, Nebraska Highway Bond Act amended
 - Not to be beyond \$450 million
 - With respect to the Build Nebraska Act, at least 75% of funds shall be used for construction of Expressway system and federally designated

high priority corridors, remaining may be used for surface transportation projects of the highest priority

- Legislative Purpose
 - Aims to accelerate projects under the Build Nebraska Act (BNA)
- State Highway Commission's role
 - Directed that upon the written recommendation of NDOT, the commission on behalf of the state may issue from time to time bonds under the Nebraska Highway Bond Act by resolution in such principle amounts as determined by the commission.
 - Authorizes the hiring of experts needed to issue bonds and authorizes the commission to determine the terms of the bond issuance
- Key Provisions
 - Principal of all bonds issued cannot exceed \$450 million
 - Annual debt service cannot exceed \$35 million
 - \$70 million annually pledged for bond repayment
 - No bonds can be issued after June 30, 2029
 - All bonds must be paid in full by June 30, 2042
 - Bonds are payable only from the State Highway Capital Improvement Fund
 - Also extended the sunset of the BNA to 2042
- **Lyn Heaton**
 - Participants in the Financing
 - Issuer – the Highway Commission and the NDOT
 - Bond Counsel – law firm engaged by the Highway Commission and NDOT to assist in structuring the transaction and will provide it's opinion that the bonds have been validly issued and are tax-exempt
 - Municipal Advisor – entity engaged by the issuer to provide advisory services with respect to the structure, timing, terms, etc. and the issuance
 - Underwriting Firm – purchasers of bonds, via sale or auction
 - Investors – buyers of the bonds, including mutual funds, property casualty insurers, banks, money managers and individuals
 - Trustee/Paying Agent – financial institution with trust powers, designated by the issuer that acts in a fiduciary capacity for the benefit of the bond holder in enforcing the indenture. The trustee would also act as the paying agent and registrar for the bonds
 - Rating Agency – entity that assess the credit worthiness of the issuers bonds with the credit rating assigned affecting the interest rate the issuer pays
 - Additional Parties – disclosure counsel, issuers counsel, underwriters counsel, comanaging underwriters, electronic auction bidding agent, disclosure agent, and arbitrage rebate specialist
 - NDOT's Advisors
 - Municipal Advisor: Scott Keene, Managing Director
Piper Sandler & Co. Public Finance Investment Finance Group – Lincoln
35 years experience
 - Bond Counsel: Gregory Dietrich, Partner
Kutak Rock Public Finance – Omaha
25+ years experience
 - Bond Counsel: Steven Likes, Partner
Kutak Rock Public Finance – Omaha
25+ years experience
 - Documents for Review – Bond Counsel at Kutak Rock would prepare

- Bond Resolution/Indenture – describes structure of bond and contractual rights and obligations of issuer and trustee
- Preliminary Official Statement – contains information on proposed bond issue, project to be financed, and issuer. Purpose of financing and how it will be repaid and material financial information
- Notice of Sale – published for review for prospective bidder, including date, time and place of sale, dollar amount of bonds, general description of bonds, proposed maturity schedule
- Preliminary Timeline of Events
 - 2024/2025
 - August 2024 –
 - Intro to Highway Project Financing Presentation to Highway Commission
 - September/October 2024 –
 - Draft bond resolution/indenture and Preliminary Official Statement (POS)
 - October 24 Commissioner review resolution/indenture final draft
 - November 2024 –
 - Finalize draft of POS and draft of Notice of Sale (NOS)
 - Documents delivered to rating agency
 - December 2024 –
 - NDOT receives bond rating
 - Dec. 6 Commission approves bond resolution
 - January 2025 –
 - Final POS and NOS posted to bond auction website
 - Competitive sale of bonds
 - February 2025 –
 - Bond proceeds deposited in the State Highway Capital Improvement Fund
 - 2025+
 - Project construction commences and debt service payments occur
 - Reminder of Potential Constraints to completing Expressway projects
 - Resource agency constrained staffing
 - Contractor capacity
 - Material shortages
 - Extreme weather conditions
 - Future inflation
 - Significant cost escalation due to influx of funding
 - Conclusion:
 - Project financing provides a fiscally responsible option to selectively expedite critical highway projects
 - The Nebraska Legislature has established clear expectations, guidelines and limits
 - Key participants and processes ensure efficiency in preparation and issuance
 - Questions from Commission:
 - **Commissioner Meginnis:** Did the Legislature allow us any flexibility in timing of if we go to a POS, then do we have to have that on February 2nd, or can we pick the right timing for this?
 - **Lyn Heaton:** Being advised by Scott Keene on the best time in the market for bonds – late January, early February is the best time
 - **Director Kramer:** There is not anything in statute that guides the process, we have the ability to guide based on the benefit to the taxpayer

- **Commissioner Wolford:** Highway Commission has to approve a resolution as prepared by the Department, but you listed several other responsibilities, what do we have to do as the Highway Commission?
- **Jeff Schroeder:** There are probably about 15 actions listed in the Act for the Highway Commission. Key ones are, written recommendation by the Department and the Department is in the process of working with Municipal Advisor and Bond Counsel to develop the recommendations to the commission. Ultimately you will not have a lot of duties other than review information provided by the Department. We will begin the process of defining the key terms, making sure it's for a bond issuance that the public will want to purchase
- **Vicki Kramer:** My understanding is that we'll put documents in front of the commission and move into an issuance, but things in the market can change within weeks so some of the specific numbers may not be in the actual approval because we want to have the flexibility to adjust within the market within the timeline. The specifics may not be in the voting materials but those numbers can be provided to you.
- **Commissioner Wolford:** Did I hear that you'll be putting in the resolution the authority to issue bonds without the amounts or...?
- **Vicki Kramer:** No, the information will be communicated to you but in order to have the flexibility the actual resolution may be more streamlined than in specific documents. You will not be signing a legal document that will be binding you.
- **Jeff Schroeder:** In essence we'll be asking the commission or approval. Some of the details may be "here are our expectations of the range of certain items". May be asking for approval that if it's "in this range" you hereby give approval. It's not fill in the blank after you give approval, we need to maintain flexibility
- **Lyn Heaton:** Scott has shared this, once the Commission gives approval, the market can change so we want the most favorable conditions as possible.
- **Commissioner Wolford:** You said 75% of projects have to be for expressways or high priority corridors, I'm assuming in the resolution you're going to identify those projects you're planning to identify
- **Lyn Heaton:** Yes, members of the Legislature and the Governor have indicated that Highway 275 is a priority candidate. It is projects that fall under the BNA.
- **Commissioner Copple:** You indicate that this will be presented to us in October, can you give us a general idea of when those documents will be provided to the Commissioners?
- **Lyn Heaton:** May need to confirm with advisors on timeline, what's being presented in October is drafts
- **Commissioner Copple:** I understand that, we're going to want an opportunity to review the drafts for the October meeting, so we can prepare questions
- **Jeff Schroeder:** Scott is shaking his head yes, he's been through this decision making process with other bodies like this.
- **Commissioner Leafgreen:** I would just like to applaud the Governor and NDOT for finally looking at using bonding. I've been an advocate for 20+ years while being on the Commission.
- **Commissioner Hawks:** I would just like to agree with Commissioner Leafgreen. Over 20 years ago, Kathy Campbell and I co-chaired a committee put together by Governor Johanns and part of the recommendation back to the Legislature included bonding.

PUBLIC INPUT ON BONDING IN NEBRASKA

- No public input

REMARKS FROM THE CHAIR

- No remarks from the chair.

PUBLIC MEETINGS CALENDAR

- No pending public meetings.
- The next scheduled highway commission meeting is October 24, 2024 at 6 p.m., located at the Grand Island City Council Chambers, 100 E First St. in Grand Island, Nebraska

ADJOURNMENT

- The chair adjourned the meeting at 10:01 a.m.